

MEMORANDUM BY THE MINISTER OF INDUSTRIAL DEVELOPMENT AND TOURISM ON THE SUBJECT OF THE GRANT OF AN EXCLUSIVE KURSAAL LICENCE TO THE KURSAAL COMPANY LTD.

The Company's proposals in connexion with the grant of an exclusive licence to operate one Kursaal in Malta had been approved by the previous Administration with the following main conditions -

- (a) to construct a Kursaal and a 200 bedroom hotel and amenities at Għajj Tuffieħa by March 1964 at a minimum cost of £500,000;
- (b) to pay to the Government 10% of the gross take on "petits jeux", the percentage on "grands jeux" to be determined later when and if permitted;
- (c) to run a car ferry service between Malta and the mainland - or to increase the rate of the percentage accruing to the Government from 10% to 17½% on "petits jeux".

2. By memo dated April 10, 1962, the Company proposed:

- (a) to transfer the development plan from Għajj Tuffieħa to Dragonara;
- (b) to build a 50 bedroom (100 beds) hotel block within 1963 and the balance of 150 bedrooms, less any which could be made available within the existing buildings, to be provided within 5 years;
- (c) the development of the Riviera Hotel as a second class Kursaal and to retain the emphyteutical land for a period of one year in the course of which the Company would decide whether or not to proceed with the Għajj Tuffieħa development plan.

3. These new proposals were discussed by a Commission composed of the Director of Trade & Industry, the Chairman of the Malta Government Tourist Board and the Commissioner of Land, who -

- (a) favoured the change of the development site;
- (b) were against the licence being extended to more than one gambling place;
- (c) agreed to an extension of the time of construction of a 200 bedroom (400 beds) hotel (in addition to the any guestrooms which could be made available in existing buildings), provided that -
 - i) 50 rooms (100 beds) were made available by 1963, and
 - ii) 150 rooms (300 beds) were made available within 5 years.

In this context, financial assistance could only be guaranteed in respect of the hotel development completed within the currency of the existing 5-Year Development Plan. In the event of any part of the hotel development becoming sidless, then that part would be reduced by 20%.

- (d) did not favour an expenditure of £7,500 to provide electricity to the Għajj Tuffieħa site unless the Company agreed to proceed with a major development project on the emphyteutical land.

4. The Company has now produced its final proposals (memo dated July 9, 1962), which should be read along with the amendments contained in the Company's memo of April 10, 1962 and letter to the Hon. Prime Minister dated May 9, 1962.

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These final amendments take into account that "grands jeux" with no maximum stake will be permitted along with "petits jeux". On this basis, the Company propose -

- (a) the car/passenger air ferry service to start not later than April 30, 1964, subject to "force majeure", to lifting and discharging rights being obtained on behalf of the Company by the Government and to airport charges being economic;
- (b) a first class Casino being set up at Dragonara with permission to hold "petits jeux" and "grands jeux";
- (c) the construction of a 100 bed (50 rooms) block and 50 beds (not rooms) in buildings within the Dragonara grounds;
- (d) the payment of 10% of the gross take in respect of "petits jeux" and 40% in respect of "grands jeux"; and
- (e) that option of one year be granted on the Ghajn Tuffieha site.

5. The following are my recommendations on the final proposals:

- (a) Car/passenger air ferry service - The date of commencement of this service should be accepted, and the Government should negotiate lifting and discharging rights with the Italian Government. Although, however, the Government should use its good offices to obtain the best possible economic airport rates, a guarantee cannot be given that these charges would be as low as the Company expects they would be. Furthermore, it is difficult to assess what, in the views of the Company, is and what isn't an economic rate. The Company, therefore, would have to accept the rates obtaining on the mainland. Until such time as the ferry service becomes operational and/or in the event of permission to operate this service not being granted by the Italian Government or any other authority, then the Company should agree to an increase in the percentage on the gross take accruing to the Government: 10% to be increased to 17½% and 40% to be increased to 50%;
- (b) no objection to the development plan being transferred to Dragonara;
- (c) the Company to construct a 200 bedroom (400 beds) hotel by the end of 1966, exclusive of any guest-rooms which could be converted in the existing buildings within the Dragonara grounds, provided that the Company would build immediately, for completion by not later than one year from the issue of the necessary permits, a 100 bedded (50 rooms) hotel block and to provide luxury suites in the Dragonara Palace (20 beds) and 15 high class, self-contained apartments (30 beds), subject to what is stated in para 3 (ii) in regard to the grant;
- (d) payment to the Government of 10% of gross takes in respect of "petits jeux" and 40% in respect of "grands jeux", having regard to the increase recommended under (a) above.
- (e) that the Company should be given an option of one year on the Ghajn Tuffieha site.

6. Having regard to the protracted negotiations between
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various Administrations and the Company and the still pending negotiations between the Company and the owners of Dragonara, it is recommended that the Government should insist on the Company accepting our conditions within one month and within the same period to produce -

- (a) documentary evidence that Dragonara has been conveyed to the Company; and
- (b) documentary evidence that the finance for the whole project (minimum £500,000) is available.